

[Policy to Encourage Trial Disclosure Programs](#)

COMMENT LETTER

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October 10, 2018

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Mick Mulvaney Acting Director
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20552

Re: Policy to Encourage Trial Disclosure Programs (Docket No. CFPB-2018-0023; Federal Register Number: 2018-19385)

Dear Mr. Mulvaney:

The Conference of State Bank Supervisors (“CSBS” or “state regulators”) appreciates the opportunity to comment on the Bureau of Consumer Financial Protection’s (“BCFP” or “Bureau”) proposed revisions to its Policy to Encourage Trial Disclosure Programs (“Policy” or “TDP Policy”). State regulators and the Bureau share the goal of appropriately reducing unnecessary burdens that stand in the way of financial innovation that benefits consumers.

We appreciate the proposed addition of a new section to the Policy regarding the Bureau’s plans to coordinate with state regulators who provide similar programs that encourage consumer-beneficial innovation. Some states have chosen to create a “sandbox” within their state in order to encourage more companies to test out innovative products and services within a limited scope environment with tailored regulatory expectations and consumer protections. Other states have objections with the concept of regulatory sandboxes as a matter of regulatory policy. It is critical for the Bureau to recognize and respect differences in the views of each state as to the propriety of establishing sandboxes within their state.

While we appreciate the consideration given to the need for regulatory coordination with respect to financial innovation, we believe that the Bureau should continue to make clear that it lacks the authority to waive state disclosure requirements when discussing the Policy. This point was made clear in the Bureau’s discussion of the current version of the TDP Policy, finalized in 2013, and should continue to be made clear to avoid creating the impression that participation in a Trial Disclosure Program exempts an entity from state law requirements.¹ Ultimately, to be effective in facilitating innovation, the TDP Policy should avoid creating unrealistic expectations or confusion on the part of regulated financial institutions.

State regulators are focused on coordinating with each other and the federal government to develop policies that will promote innovation while also monitoring for risks that new market entrants and new financial products may pose to consumers. To that end, we encourage the Bureau to share information and experience gained in implementing the TDP Policy with state regulators through the existing information sharing arrangements with state regulators. Obtaining this information will help bolster awareness and understanding of the benefits and

risks of emerging innovations in the financial services industry.

State regulators support the goal of encouraging financial innovation when beneficial to consumers. Where appropriate, we welcome the opportunity to coordinate with the Bureau in promoting consumer- beneficial innovation.

Sincerely,

John W. Ryan President & CEO

¹ See Fed. 78 Fed. Reg. 64389, 64391 (Oct. 29, 2013).